

**USE OF EDUCATION REVENUES**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Thomas V. Hatch**

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**LONG TITLE**

**General Description:**

This bill allows a local school board to use a portion of proceeds from a capital outlay levy for maintenance and operation expenses.

**Highlighted Provisions:**

This bill:

- ▶ allows a local school board to use 15% of the proceeds from a capital outlay levy for maintenance and operation expenses; and
- ▶ removes the requirement that a school board maintain expenditures for building maintenance at a certain level, as a condition of using proceeds from a capital outlay levy for building maintenance.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

**AMENDS:**

**53A-16-107**, as last amended by Chapter 332, Laws of Utah 1999

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **53A-16-107** is amended to read:

**53A-16-107. Capital outlay levy -- Authority to use 15% of proceeds for**



**operation and maintenance expenses.**

(1) ~~[(a)]~~ A local school board may levy a tax not to exceed .0024 per dollar of taxable value for ~~[debt service and]~~ capital outlay, except as provided in Sections 53A-16-110 and 53A-17a-145.

~~[(b)]~~ (2) Each local school board may utilize up to 15% of the proceeds of a ~~[maximum of .0002 per dollar of taxable value of its annual]~~ capital outlay levy imposed pursuant to Subsection (1) for ~~[the maintenance of school plants in its school district]~~ operation and maintenance expenses.

~~[(2) A board that uses the option provided under Subsection (1)(b) must do the following:]~~

~~[(a) maintain the same level of expenditure for maintenance in the current year as it did in the preceding year, plus the annual average percentage increase applied to the maintenance and operation budget for the current year; and]~~

~~[(b) identify the expenditure of capital outlay funds for maintenance by a district project number to ensure that the funds were expended in the manner intended.]~~

~~[(3) The State Board of Education shall establish by rule the expenditure classification for maintenance under this program using a standard classification system.]~~

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**Legislative Review Note**

**as of 11-7-03 11:51 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**State Impact**

The proposed legislation almost doubles (from 8.3% to 15%) authorized capital outlay tax revenues that could be used in the General Fund (operation and maintenance) plus allows the funds to be spent for any purpose instead of just on maintenance of plant. Fifteen school districts, under current statutes, expended \$6,214,039 in FY 2003. The legislation could allow high-assessed valuation districts to spend more on General Fund expenses (salaries, etc.) than districts with low assessed valuation.

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**Individual and Business Impact**

Could redistribute school expenditures to other business vendors.

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**Office of the Legislative Fiscal Analyst**